

Message Text

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PAGE 01 ADDIS 00278 181854Z
ACTION OPIC-06

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FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 2354

UNCLAS ADDIS ABABA 00278

DEPARTMENT PASS OPIC

E.O. 11652: N/A
TAGS: EINV, OPIC, ET
SUBJECT: EVALUATION OF TECHNOLOGY TRANSFERS AND CONTRIBUTIONS
IN KIND

REF: 76 STATE A -5760

1. EMBOFF DISCUSSED EVALUATION OF TECHNOLOGY TRANSFERS AND CONTRI
BUTIONS IN KIND WITH SHIFERAW JAMMO, HEAD OF THE PROJECTS DE
PARTMENT IN ETHIOPIAN PLANNING COMMISSION ON JANUARY 14.
SHIFERAW STATED THAT EVALUATION OF FOREIGN INVESTMENTS WAS
ALMOST IMPOSSIBLE GIVEN THE ABSENCE OF ANY SPECIFIC EPMG
POLICY REGARDING FOREIGN INVESTMENT.
THE 1963 INVESTMENT LAW WHICH WAS REVISED IN 1966, DOES NOT
DEAL WITH EITHER OF THE SPECIFIC QUESTIONS ASKED.
PRIOR TO THE CHANGE OF GOVERNMENT IN 1974, SPECIFIC DECISIONS
REGARDING FOREIGN INVESTMENT PROPOSALS WERE MADE BY AND IN
VESTMENT COMMITTEE ON A CASE-BY-CASE BASIS UNDER THE GUIDELINES
OF THE INVESTMENT LAW.
THAT COMMITTEE HAS CEASED TO EXIST UNDER THE NEW REGIME.
NEVERTHELESS, AS NO NEW INVESTMENT LAW HAS BEEN PROMULGATED,
SHIFERAW ASSUMES THAT PAST EVALUATION POLICIES WOULD CONTINUE.

2. SHIFERAW STATED THAT IN THE PAST TECHNOLOGY HAD BEEN EVALUATED
IN FOREIGN INVESTMENTS ONLY WHEN IT WAS CLEARLY SPECIFIED IN THE
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AGREEMENT BETWEEN THE FOREIGN INVESTOR AND THE LOCAL COMPANY
SUCH AS PAYMENT FOR PATENTS, ROYALTIES, LICENSES OR TECHNICAL
ASSISTANCE PERSONNEL. THE ONLY STANDARD USED WAS THE PRICE
PAID BY THE LOCAL COMPNY.
STANDARDS DID NOT DIFFER FOR VARIOUS MEANS OF PAYMENT
AS LONG AS CLEARLY SPECIFIED IN AGREEMENT BETWEEN THE
PARITES.

3. CONTRIBUTIONS IN KIND WERE EVALUATED AT THE COST OF THE EQUIPMENT PLUS TRANSPORT TO ADDIS ABABA. SHIFERAW SAID THAT ONLY NEW EQUIPMENT WAS ELIGIBLE FOR DUTY-FREE ENTRY AND THUS THE C.I. F. INVOICE PRICE WAS TAKEN AS THE VALUE. THE QUESTION OF EVALUATION OF USED EQUIPMENT DID NOT COME UP BECAUSE, SINCE SUCH EQUIPMENT WOULD BE SUBJECT TO DUTY, IT DID NOT PAY INVESTORS TO IMPORT USED EQUIPMENT. WE HAVE BEEN UNABLE TO FIND ANY REFERENCE TO "NEW EQUIPMENT" IN THE INVESTMENT LAWS, BUT SHIFERAW STATED THAT IT WAS THE POLICY OF THE INVESTMENT COMMITTEE TO ALLOW DUTY-FREE TREATMENT ONLY TO SUCH EQUIPMENT. CONTRIBUTIONS FOR EQUITY WERE TREATED THE SAME AS FOR CASH PAYMENT

4. EMBASSY IS POUCHING COPIES OF THE 1963 INVESTMENT LAW AND ITS 1966 AMENDMENT TO OPIC. TIENKEN

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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